University of Aberdeen
Superannuation
&
Life Assurance Scheme

Annual Report for the
Year ended 31 July 2011

Scheme Registration Number 10052894
This Report relates to the operation of the University of Aberdeen Superannuation and Life Assurance Scheme ("the Scheme") during the year ended 31 July 2011.

The Report has been prepared in accordance with Regulations made under Section 41 of the Pensions Act 1995 and consists of the following Parts: -

1. Trustees’ Report:
   a) Scheme Advisers
   b) Review of the Management and Development of the Scheme
   c) Investment Report
   d) Statement of Trustees’ Responsibilities

2. Financial Statements

3. Independent Auditors’ Statement about Contributions

4. Summary of Contributions Payable

5. Independent Auditors’ Report

6. Actuarial Statements

7. Compliance Statement
University of Aberdeen Superannuation & Life Assurance Scheme

Annual Report
For the Year ended 31 July 2011

Part 1: Trustees’ Report

a) SCHEME ADVISERS

The Trustees retain a number of professional advisers in connection with the operation of the Scheme. The advisers currently appointed are as follows:

Actuary
Mr David A Gordon (to 31 October 2011)
Towers Watson
2 Lochnir Square
96 Fountainbridge
Edinburgh EH3 9AY

In his letter of resignation, Mr David Gordon confirmed that he is not aware of any circumstances connected with his removal which, in his opinion, significantly affect the interest of members or prospective members of, or beneficiaries under, the Scheme.

Mr Jonathan Seed (from 1 November 2011)
Xafinity Consulting Ltd
Scotia House
Castle Business Park
Stirling FK9 4TZ

Scheme Consultants
Towers Watson (to 31 October 2011)
2 Lochnir Square
96 Fountainbridge
Edinburgh EH3 9AY

Xafinity Consulting Ltd (from 1 November 2011)
Scotia House
Castle Business Park
Stirling FK9 4TZ

Administrator
Xafinity Paymaster
Prudential
Scotia House
Castle Business Park
Stirling FK9 4TZ

Auditors
KPMG LLP
191 West George Street
Glasgow G2 2LJ

AVC Providers
(Money Purchase)
Prudential
Scotia House
Castle Business Park
Stirling FK9 4UE
University of Aberdeen Superannuation & Life Assurance Scheme

Annual Report
For the Year ended 31 July 2011

| Investment Managers | Baillie Gifford & Co (to 8 September 2010)
|                     | Calton Square
|                     | 1 Greenside Row
|                     | Edinburgh EH1 3AN
|                     | Legal & General Investment Management (from 8 Sept 2010)
|                     | One Coleman Street
|                     | London EC2R 5AA

| Life Assurer        | Canada Life
|                     | 3 Rivergate
|                     | Temple Quay
|                     | Bristol BS1 6ER

| Lawyer              | McGrigors LLP
|                     | Pacific House,
|                     | 70 Wellington Street
|                     | Glasgow G2 6SB

| Banker              | Bank of Scotland plc
|                     | 39 Albyn Place
|                     | Aberdeen AB10 1YN

Contact for further information & enquiries about the Scheme

| Pensions Office
| Finance Section
| King's College
| Aberdeen AB24 3FX
b) REVIEW OF THE MANAGEMENT AND DEVELOPMENT OF THE SCHEME

1.1 Introduction

This report relates to the operation of the Scheme during the year ended 31 July 2011. Membership of the Scheme is open to all eligible employees of the University who are over age 18. The Scheme provides benefits on a member’s retirement or death based on the member’s earnings at that time. This report is addressed primarily to the Scheme’s members, but any eligible employees who are interested in joining the Scheme should contact the Pensions Office at the address given on page 4.

1.2 Management of the Scheme

During the year under review the Trustees of the Scheme have been as follows:

Dr Alistair Mair
Mr Steven John Cannon
Ms Irene Bews
Professor Christopher Gane
Mrs Diane Massie
Mr Brian Paterson

Independent Chairman
University Secretary
Director of Finance
University Court member (Resigned 31 August 2011)
Scheme member
Scheme member
University of Aberdeen Superannuation & Life Assurance Scheme

Annual Report
For the Year ended 31 July 2011

The power to appoint and remove Trustees is vested in the University Court. Trustee appointments will cease if the Trustee ceases to be a member of the Scheme or resigns from the University.

The Trustee body includes two membership representative Trustees elected by the active members of the Scheme, Mrs Diane Massie and Mr Brian Paterson. The arrangements for appointing membership representatives comply with the Member Nominated Trustee requirements of the Pensions Act 2004.

Trustees are invited to attend Trustee meetings at which a minimum of two must be present for valid decisions to be taken. Decisions require the majority support of those Trustees present. Trustee meetings are normally held every three months, but can be called more frequently where necessary. During the year the Trustees met six times.

1.3 Sponsoring Employer

The Scheme is provided for support staff of the University of Aberdeen. The University provides administrative support to the Scheme.

1.4 Scheme Booklet

Scheme Booklets are available from the Pensions Office, and on the Pensions website www.abdn.ac.uk/finance/pensions.

1.5 Contributions Receivable

During the year to 31 July 2011, Employer contributions were paid at a rate of 17.10% of members' pensionable salaries, and employee contributions were paid at a rate of 7.05%. In addition, the employer is responsible for paying the cost of insuring death-in-service and for certain other contributions in specific circumstances.

Employees have the option of entering a Salary Sacrifice arrangement, whereby their pensionable salary is unchanged, but their gross salary is reduced by 7.05%. Consequently the employer, on behalf of the employee, pays contributions of 7.05% of the pensionable salary, in addition to the 17.10% already being paid.

1.6 Review of the Financial Development of the Scheme

The financial statements have been prepared and audited in accordance with regulations made under Section 41 (1) and (6) of the Pensions Act 1995. These show that the Scheme's assets increased in value from £81.2 million to £88.8 million over the Scheme year.
1.7 Actuary’s Report

The Trustees are bound by law to instruct the Scheme Actuary to carry out a financial health check of the Scheme. Every three years a formal actuarial valuation is conducted which involves a series of assumptions relating to inflation, investment returns, salaries, interest rates and longevity. The calculations are used to establish the anticipated cost of providing the benefits paid by the Scheme over the long term.

The Scheme’s financial security

The last full actuarial valuation was performed by David Gordon of Watson Wyatt as at 31 July 2010. This showed that, based on the assumptions set out in the Trustees’ Statement of Funding Principles:

- The value of the liabilities was: £96.8 million
- The Scheme’s assets were valued at: £81.0 million
- This means that there was a shortfall of: £15.8 million
- The funding level was: 84%

Contributions to the Scheme

Following each actuarial valuation, the actuary advises the Trustees what contributions should be paid into the Scheme so that they can expect to be able to continue to pay members’ pensions. The Trustees then agree a level of contribution for the Scheme having consulted the University and record this in a document called the Schedule of Contributions. The Trustees review and update this at least each time the Scheme has an actuarial valuation.

As part of the actuarial valuation as at 31 July 2010, the ongoing contribution rate required to meet the cost of each additional year’s accrual of pension benefits was assessed. Members continue to contribute 7.05% per annum of their pensionable salary to the Scheme, and the University meets the rest of the cost by contributing 11.9% per annum of members’ pensionable salaries from August 2011.

Because of the shortfall shown in the table above, the Trustees and the University were required to agree on a Recovery Plan to address the shortfall. The Plan which was agreed resulted in the University making additional shortfall contributions of 5.8% of pensionable salaries each year with effect from August 2011. The Recovery Plan was anticipated to eliminate the shortfall over an eighteen year period.
Annual Report
For the Year ended 31 July 2011

Change in funding position since 2010 actuarial valuation

The position of the Scheme was also investigated at 31 August 2011 at which date it was found that the Scheme was approximately 78% funded. This assessment was not a formal valuation, but measured the position of the Scheme in a manner consistent with that used for the 2010 valuation, taking into account the effect of changes in investment conditions and Scheme membership since 31 July 2010.

The deterioration in the funding position is mainly as a result of falling gilt yields resulting in a stronger basis and a higher value being placed on the liabilities. On the funding basis the real discount rate has reduced by around 45 basis points since 31 July 2010. In addition, the Scheme’s assets have not performed as expected, particularly since 31 July 2011.

Given the Support provided by the University, the Trustees are comfortable that it remains appropriate to take a long term view of the Scheme’s funding and investment strategy. The Trustees recognise that in the short term this will cause the Scheme’s funding level to be vulnerable to market fluctuations.

The Scheme’s finances and the contribution rates payable will be reviewed at future actuarial valuations. The next such valuation is scheduled for 31 July 2013, but the actuary also provides updates on an annual basis.

If the Scheme were wound-up

At 31 July 2010 the Scheme’s assets could not have paid for the full benefits of all members to be provided by an insurance company if the Scheme had wound-up at that date (without additional contributions from the University of Aberdeen). This is common for most UK pension schemes. At that date, the Scheme’s assets were estimated to be around 52% of the cost of the associated premium – the University would have been liable for the balance.
## 1.8 Scheme Membership

### Active Members

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>At 31 July 2010</td>
<td>742</td>
</tr>
<tr>
<td>Add:</td>
<td></td>
</tr>
<tr>
<td>New entrants</td>
<td>47</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
</tr>
<tr>
<td>Leavers to deferred</td>
<td>(100)</td>
</tr>
<tr>
<td>Retirements</td>
<td>(50)</td>
</tr>
<tr>
<td>Refunds</td>
<td>(22)</td>
</tr>
<tr>
<td>Deaths</td>
<td>(1)</td>
</tr>
<tr>
<td>Commutations</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>At 31 July 2011</strong></td>
<td><strong>615</strong></td>
</tr>
</tbody>
</table>

### Pensioners

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>At 31 July 2010</td>
<td>905</td>
</tr>
<tr>
<td>Add:</td>
<td></td>
</tr>
<tr>
<td>Active retirements</td>
<td>50</td>
</tr>
<tr>
<td>Deferred retirements</td>
<td>23</td>
</tr>
<tr>
<td>Dependents pension becoming payable</td>
<td>11</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
</tr>
<tr>
<td>Deaths</td>
<td>(39)</td>
</tr>
<tr>
<td>Pensions commuted</td>
<td>(3)</td>
</tr>
<tr>
<td><strong>At 31 July 2011</strong></td>
<td><strong>947</strong></td>
</tr>
</tbody>
</table>

### Deferred Members

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>At 31 July 2010</td>
<td>574</td>
</tr>
<tr>
<td>Add:</td>
<td></td>
</tr>
<tr>
<td>Leavers with deferred pensions</td>
<td>100</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
</tr>
<tr>
<td>Pensions becoming payable</td>
<td>(23)</td>
</tr>
<tr>
<td>Deaths</td>
<td>-</td>
</tr>
<tr>
<td>Transfers out</td>
<td>(25)</td>
</tr>
<tr>
<td>Refunds</td>
<td>(8)</td>
</tr>
<tr>
<td><strong>At 31 July 2011</strong></td>
<td><strong>618</strong></td>
</tr>
</tbody>
</table>
1.9 Ill Health Early Retirement

During the year no ill-health early retirements came into payment. There were none in the previous year.

1.10 Disputes

There were no disputes during the year.

1.11 Transfer Payments

All cash equivalents (transfer values) paid during the year have been calculated and verified in the manner required by the regulations under section 97 of the Pension Schemes Act. None of the cash equivalents paid were less than the amount required by Regulations. No allowance is made for discretionary pension increases.

1.12 Change of Fund Manager

Following an investment review exercise, the Trustees decided to move the management of the Scheme’s assets from an active to a passive fund manager. Legal & General Investment Management were appointed to manage the assets on a passive basis in their pooled index funds. The transfer of assets from Baillie Gifford was effected on 8 September 2010.

1.13 Changes to the Scheme

From 1st August 2011, the Scheme moved to a CARE basis for all future service benefits. This change followed extensive consultations between the University, scheme members and other interested parties.

Under CARE, a block of pension is earned each year, based on the Pensionable Salary for that year, and this block is increased each year by an inflation factor, until retirement. This differs from the Final Salary basis, where pensionable service was earned each year and the total service accrued at retirement was applied to the salary in force at retirement.
c) INVESTMENT REPORT

The Trustees have prepared a Statement of Investment Principles (SIP) which sets out their policies on investment and their strategy for achieving them, a copy of which is available on request.

The relevant SIP in the year was formally approved in March 2007.

Investment Target

The benchmark distribution of the Scheme's assets is to be maintained in the following proportions: 70% equities split between UK 20% and overseas 50%, and 30% bonds split between UK index-linked 15%, UK fixed interest 7.5% and corporate bonds 7.5%.

Valuation and Distribution of Assets

The valuation and underlying distribution of assets in the investment portfolio at 31 July were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>Benchmark</th>
<th>Range</th>
<th>2010</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK Equities</td>
<td>20.1</td>
<td>20.0</td>
<td>+/-2%</td>
<td>28.7</td>
<td>35.0</td>
</tr>
<tr>
<td>Overseas Equities</td>
<td>49.2</td>
<td>50.0</td>
<td>+/-2.5%</td>
<td>44.1</td>
<td>35.0</td>
</tr>
<tr>
<td>Corporate Bonds</td>
<td>7.4</td>
<td>7.5</td>
<td>+/-0.7%</td>
<td>44.1</td>
<td>35.0</td>
</tr>
<tr>
<td>Fixed Interest</td>
<td>7.5</td>
<td>7.5</td>
<td>+/-0.7%</td>
<td>12.3</td>
<td>15.0</td>
</tr>
<tr>
<td>Index Linked</td>
<td>15.8</td>
<td>15.0</td>
<td>+/-1.5%</td>
<td>12.0</td>
<td>15.0</td>
</tr>
<tr>
<td>Cash &amp; Deposits</td>
<td></td>
<td></td>
<td></td>
<td>2.9</td>
<td>0.0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Valuation £88,234,370 £78,019,402

Cash, Accrued

Dividends & Interest 14,042 2,578,548

AVCs 210,032 189,963

Investment value per accounts £88,458,444 £80,787,913
Market highlights 12 months to 31 July 2011

Economic overview

The global economic recovery has faced significant challenges during the past 12 months. Consumer sentiment, particularly in the major developed economies, has been weak as high levels of unemployment, rising food and energy costs and credit constraints have curtailed spending. Significantly, the emerging economies have remained the principal driving force of global economic growth, as countries such as China, India and Brazil continue to grow far more rapidly than the major developed economies. Increasing competition for resources has supported commodity markets, triggering a rise in inflationary pressures in these economies. This has been particularly prominent in China where rapid growth and a massive expansion in credit have fuelled rising wages. Governments in the G7 countries have to varying degrees tried to reduce their budget deficits and implement austerity programmes, while simultaneously leaving interest rates at historically low levels. For the US this has been accompanied by a further round of asset purchases (quantitative easing) aimed at reviving growth. While this has been focused on helping to avoid a ‘double dip’ recession, confidence in the sustainability of the recovery has remained fragile.

Equities

In recent months, equity markets have become increasingly volatile as the sovereign debt crisis has intensified. Difficulties were not confined to Europe as the US Congress remained at loggerheads on negotiations to address the ‘debt ceiling’ and stave off a debt default. Furthermore, global economic growth has hit a ‘soft patch’ weighed down by the impact of the Japanese earthquake and the sharp rise in energy prices. The devastating tsunami that hit Japan in March 2011 heavily disrupted the global supply of key manufacturing components while political unrest in North Africa drove up energy prices. As a result, surveys that measure global industrial confidence fell quite sharply during the second quarter of 2011, although admittedly from elevated levels.

Encouragingly, quarterly earnings announcements have generally matched or exceeded expectations as the corporate sector is relatively healthy. Across a broad spectrum of industries companies have taken the opportunity to reduce debt levels.

Bonds

As the review period drew to a close, the key concern for bond investors became the European sovereign debt crisis, focused on the Southern European members of the Eurozone. There has been a marked disparity in the performance of Northern Europe, led by Germany, where the recovery shows clear signs of becoming sustainable, triggering an increase in interest rates from the European Central Bank. However, Southern Europe appears to be mired in a self-sustaining slump. This has meant that government debt levels in these latter economies have come under intense scrutiny by financial markets, with a further austerity package being forced through by the Greek parliament to stave off default as investors became increasingly preoccupied with contagion risk.
University of Aberdeen Superannuation & Life Assurance Scheme

Annual Report
For the Year ended 31 July 2011

While weaker economic indicators weighed on the performance from corporate bonds in more cyclical sectors, corporate bond markets generally delivered positive returns as the price of underlying sovereign bonds rose. Government bond yields in both the US and the UK fell sharply, while the euro came under heavy selling pressure and in July the gold price reached a new all-time high as investors became increasingly risk averse.

Investment Report for the year ended 31 July 2011

The assets of the Scheme are invested in an insurance policy with Legal & General Assurance (Pensions Management) Limited, part of the Legal & General Group, which is one of the largest financial institutions in the United Kingdom.

The policy is designed for corporate and public sector Pension Schemes and takes full advantage of the tax exemptions available to an insurance policy of this type. It is a unitised policy and the value of the units fluctuates directly in relation to the value of the underlying assets. All units are redeemable at bid prices that are calculated from independent, external pricing sources. The assets underlying the units are held by independent corporate custodians which are regularly reviewed by external auditors.

Legal & General’s investment objective is to maintain the Scheme’s distribution close to the benchmark and within the ranges shown below. Changes to the distribution of the funds (which are sections within the policy) are achieved by the application of cash flows and, if necessary, by switches between the funds.

Basis of Investment Manager’s Fees

The fees for Legal & General Investment Management are charged on a quarterly basis on the average value of the funds during the quarter, on the following basis:-

UK Equities
0.10% per annum on the first £10 million
0.075% per annum on the next £10 million
0.06% per annum on the next £30 million
0.05% per annum thereafter

Overseas Equities
0.22% per annum on the first £5 million
0.19% per annum on the next £10 million
0.16% per annum on the next £35 million
0.13% per annum thereafter

Gilts
0.10% per annum on the first £5 million
0.075% per annum on the next £5 million
0.05% per annum on the next £20 million
0.03% per annum thereafter

Corporate Bonds
0.15% per annum on the first £5 million
0.125% per annum on the next £5 million
0.10% on the next £20 million
0.08% per annum thereafter
d) STATEMENT OF TRUSTEES' RESPONSIBILITIES

The audited financial statements, which are to be prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), are the responsibility of the Trustees. Pension scheme regulations require the Trustees to make available to scheme members, beneficiaries and certain other parties, audited financial statements for each scheme year which:

- show a true and fair view, of the financial transactions of the scheme during the scheme year and of the amount and disposition at the end of the scheme year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year; and

- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice, 'Financial Reports of Pension Schemes'.

The Trustees have supervised the preparation of the financial statements and have agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. They are also responsible for making available each year, commonly in the form of a Trustees' annual report, information about the scheme prescribed by pensions legislation, which they should ensure is consistent with the financial statements it accompanies.

The Trustees also have certain responsibilities in respect of contributions which are set out in the statement of Trustees' responsibilities accompanying the Trustees' summary of contributions.

The Trustees have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the scheme and to prevent and detect fraud and other irregularities, including the maintenance of appropriate internal controls.
University of Aberdeen Superannuation & Life Assurance Scheme

Annual Report
For the Year ended 31 July 2011

Part 2: Financial Statements
UNIVERSITY OF ABERDEEN SUPERANNUATION AND LIFE ASSURANCE SCHEME
FINANCIAL STATEMENTS FOR THE YEAR TO 31st JULY 2011

FUND ACCOUNT

Contributions and Benefits

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
</tbody>
</table>

Contributions receivable

2 3,379,607
3 128,600
4 142,367

3,648,574

Benefits payable

5 4,667,872
6 962,092
7 127,683
8 410,386

6,168,033

Net withdrawals from dealing with members

(2,619,469)

Returns on Investments

Investment income

9 187,070
11 10,127,107
10 (229,687)

10,088,490

Net gains/(losses) on investments

10,088,490

Net increase in fund during the year

7,569,031

Net assets of the Scheme at 1 August

81,225,999

Net assets of the Scheme at 31 July

88,796,030

EST ASSETS STATEMENT AS AT 31st JULY 2011

Accumulated Fund

88,796,030

81,225,999

Presented by:

Shares

11 88,459,444
12 465,769
13 (127,183)

88,796,030

81,225,999

The financial statements summarise the transactions and the net assets of the Scheme except that the value of partly insured annuities not included in the Net Asset Statement. The financial statements do not take account of the liabilities to pay pensions and other exits in the future. The actuarial position of the Scheme which does take account of such liabilities is dealt with in the statement by the way on page 24 of the annual report which should be read in conjunction with the financial statements.

The financial statements on pages 16 to 19 are approved by the Trustees on 26 February 2012.

Signed on behalf of the Trustees:

Date 26 February 2012

Date 26 February 2012

Annual Report

To 31 July 2011
1. Principal accounting policies
The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important policies which have been applied consistently, is set out below.

Basis of preparation
The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1991, and in accordance with the Statement of Recommended Practice - Financial Reports of Pension Schemes (revised May 2007).

Investments
Unit holdings in LGIM are valued based on the bid price quoted by the investment manager at the year end (being at close of business on 29 July 2011.)

Transaction costs on buying and selling are included in the purchase costs and deducted from the sales proceeds.

Administrative expenses
Administrative expenses are accounted for on an accruals basis.

Contributions receivable
* Normal contributions, both from the members and from the employer, are accounted for as they fall due under the schedule of contributions.
* Additional voluntary contributions from the members are accounted for in the month deducted from payroll.
* Employer’s deficit funding contributions are accounted for as they fall due under the schedule of contributions.

Transfer values
Transfer values have been included in the accounts when received and paid. They do not take account of members who have notified the scheme of their intention to transfer. They represent the capital sums either received in respect of members from other pension schemes of previous employers or paid to the pension schemes of new employers for members who have left the scheme.

Income from investments
Income from equities is accounted for on the date stocks are quoted ex-dividend. Distributions from pooled investment vehicles are accounted for on an accruals basis. Income arising from the underlying investments of the pooled investment vehicle which is re-invested in the pooled investment vehicle is reflected in the unit price and reported within ‘change in market value’.

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value.

Income from each and short-term deposits is accounted for on an accruals basis.

Investment manager’s fees
Investment management expenses are incurred by the Scheme based on the monthly market valuations of the portfolio and accounted for on an accruals basis.

Benefits payable
Pensions and lump sums are accounted for on an accruals basis from the date the option is exercised.

<table>
<thead>
<tr>
<th>2. Contributions receivable</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer - normal</td>
<td>£2,031,755</td>
<td>£2,297,177</td>
</tr>
<tr>
<td>Employer - salary sacrifice, on behalf of the employee</td>
<td>886,023</td>
<td>981,500</td>
</tr>
<tr>
<td>Employer - contribution to deficit</td>
<td>167,170</td>
<td>189,000</td>
</tr>
<tr>
<td>Employer - additional contributions to fund early retirement</td>
<td>70,140</td>
<td>45,000</td>
</tr>
<tr>
<td>Employer - death-in-service contributions</td>
<td>127,883</td>
<td>118,336</td>
</tr>
<tr>
<td>Total employer</td>
<td>3,282,771</td>
<td>3,631,013</td>
</tr>
<tr>
<td>Employee - normal</td>
<td>20,282</td>
<td>41,758</td>
</tr>
<tr>
<td>Employee - additional voluntary contributions</td>
<td>76,554</td>
<td>75,822</td>
</tr>
<tr>
<td>Total employee</td>
<td>96,836</td>
<td>117,580</td>
</tr>
<tr>
<td></td>
<td>3,379,607</td>
<td>3,748,593</td>
</tr>
</tbody>
</table>

The above AVC contributions include £46,305 (2010 - £29,216) which members have made to an insured money purchase policy with Prudential Assurance Company Ltd., the value of which is included in the Net Assets Statement.

Funding contributions were paid at a rate of 1.3% of pensionable salaries in line with the schedule of contributions/ scheme funding recovery plan in place for the year.
<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Transfers in</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer values received - individuals</td>
<td>126,600</td>
<td>81,665</td>
</tr>
<tr>
<td>4 Other income</td>
<td></td>
<td></td>
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<tr>
<td>Claim on Life Assurance policy</td>
<td>88,559</td>
<td>0</td>
</tr>
<tr>
<td>Other income</td>
<td>52,808</td>
<td>17,244</td>
</tr>
<tr>
<td></td>
<td>142,367</td>
<td>17,244</td>
</tr>
<tr>
<td>5 Benefits payable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pensions payable</td>
<td>3,086,551</td>
<td>2,818,040</td>
</tr>
<tr>
<td>Lump sums on retireal</td>
<td>1,424,602</td>
<td>886,346</td>
</tr>
<tr>
<td>Lump sums on death-in-service</td>
<td>140,089</td>
<td>0</td>
</tr>
<tr>
<td>Lump sums on death-in-retiral</td>
<td>11,825</td>
<td>18,730</td>
</tr>
<tr>
<td>Surrender of spouse's pension on death</td>
<td>4,705</td>
<td>8,805</td>
</tr>
<tr>
<td>Lump sums on death-in-deferment</td>
<td>0</td>
<td>1,095</td>
</tr>
<tr>
<td></td>
<td>4,667,872</td>
<td>3,532,816</td>
</tr>
<tr>
<td>6. Leavers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer values payable - individual</td>
<td>948,425</td>
<td>652,068</td>
</tr>
<tr>
<td>Refunds to early leavers</td>
<td>3,096</td>
<td>3,046</td>
</tr>
<tr>
<td>State scheme premiums payable</td>
<td>8,847</td>
<td>10,922</td>
</tr>
<tr>
<td>Tax paid</td>
<td>1,724</td>
<td>9,762</td>
</tr>
<tr>
<td></td>
<td>962,062</td>
<td>675,796</td>
</tr>
<tr>
<td>7. Life Assurance Premiums</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current year premium</td>
<td>127,683</td>
<td>118,336</td>
</tr>
<tr>
<td></td>
<td>127,683</td>
<td>118,336</td>
</tr>
<tr>
<td>8. Administrative expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration charge</td>
<td>73,736</td>
<td>72,298</td>
</tr>
<tr>
<td>Consultants fees</td>
<td>195,740</td>
<td>91,321</td>
</tr>
<tr>
<td>Audit fee</td>
<td>6,084</td>
<td>12,598</td>
</tr>
<tr>
<td>Actuarial expenses</td>
<td>32,700</td>
<td>48,555</td>
</tr>
<tr>
<td>PPF levy</td>
<td>80,331</td>
<td>83,808</td>
</tr>
<tr>
<td>Pension Regulator levy</td>
<td>9,743</td>
<td>9,058</td>
</tr>
<tr>
<td>Administration, legal and insurance costs</td>
<td>32,172</td>
<td>25,419</td>
</tr>
<tr>
<td></td>
<td>416,385</td>
<td>337,057</td>
</tr>
<tr>
<td>9. Investment income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends received - equities</td>
<td>203,085</td>
<td>1,234,000</td>
</tr>
<tr>
<td>Dividends received - managed funds</td>
<td>0</td>
<td>1,006,069</td>
</tr>
<tr>
<td>Currency (loss)/profit</td>
<td>(16,740)</td>
<td>(2,878)</td>
</tr>
<tr>
<td>Other interest receivable</td>
<td>745</td>
<td>2,562</td>
</tr>
<tr>
<td></td>
<td>187,070</td>
<td>2,240,653</td>
</tr>
</tbody>
</table>

Notes: the reduction in income is due to way income is reported, as explained in Note 1 – Income from Investments.

|                                | 2011   | 2010   |
|                                | 136,282| 280,826|
| Investment managers’ charges   | 80,329 | 0      |
| Dealing costs on Fund transition to LGiM | 9,066 | 11,705 |
| Bank & custodial charges        | 225,687| 292,531|

Annual Report
To 31 July 2011
11. Investments

<table>
<thead>
<tr>
<th></th>
<th>Value at 1.8.10</th>
<th>Purchases at cost</th>
<th>Sale proceeds</th>
<th>Change in market value</th>
<th>Value at 31.7.11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities - UK</td>
<td>21,831,751</td>
<td>165,518 (22,634,857)</td>
<td>638,588</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Equities - overseas</td>
<td>26,600,048</td>
<td>559,911 (27,844,927)</td>
<td>684,968</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Managed funds (analysed below)</td>
<td>29,587,603</td>
<td>89,299,637 (39,420,721)</td>
<td>8,767,851</td>
<td></td>
<td>88,234,370</td>
</tr>
<tr>
<td>Money Purchase AVCs</td>
<td>189,963</td>
<td>46,305 (63,936)</td>
<td>37,700</td>
<td></td>
<td>210,032</td>
</tr>
<tr>
<td></td>
<td><strong>78,209,365</strong></td>
<td><strong>90,072,371 (89,964,441)</strong></td>
<td><strong>10,127,107</strong></td>
<td></td>
<td><strong>88,444,402</strong></td>
</tr>
</tbody>
</table>

Money held on deposit                      2,435,310                      14,042                      0
Unsettled sales                            2,265                              0
Outstanding dividend entitlements, accrued bond interest, withholding tax recoverable 249,443                              0
Unsettled purchases                        (108,476)                        0

**80,787,913**                                **88,458,444**

Managed Funds analysis

<table>
<thead>
<tr>
<th>Fund</th>
<th>Value at 1.8.10</th>
<th>Purchases at cost</th>
<th>Sale proceeds</th>
<th>Change in market value</th>
<th>Value at 31.7.11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baillie Gifford British Smaller Companies fund</td>
<td>1,102,774</td>
<td>0 (1,218,523)</td>
<td>25,749</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Baillie Gifford Overseas Smaller Companies funds</td>
<td>8,886,031</td>
<td>0 (9,112,092)</td>
<td>226,618</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Baillie Gifford Index-Linked bond</td>
<td>9,044,061</td>
<td>28,422 (10,090,118)</td>
<td>417,635</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Baillie Gifford Investment Grade bond</td>
<td>6,222,995</td>
<td>85,854 (6,541,940)</td>
<td>183,100</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Baillie Gifford Lng Gilt</td>
<td>5,717,742</td>
<td>34,411 (5,762,557)</td>
<td>169,404</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>LGIM UK Equity Index</td>
<td>0</td>
<td>22,320,030 (6,580,000)</td>
<td>1,973,289</td>
<td></td>
<td>17,697,349</td>
</tr>
<tr>
<td>LGIM World (ex UK) Equity Index</td>
<td>0</td>
<td>41,200,000 (2,085,699)</td>
<td>4,324,133</td>
<td></td>
<td>43,439,370</td>
</tr>
<tr>
<td>LGIM Over 15 years Gilt index</td>
<td>0</td>
<td>6,454,444</td>
<td>175,674</td>
<td></td>
<td>6,630,118</td>
</tr>
<tr>
<td>LGIM Investment Grade Corporate Bond</td>
<td>0</td>
<td>6,440,000</td>
<td>57,280</td>
<td></td>
<td>6,497,288</td>
</tr>
<tr>
<td>LGIM Over 5 years Index-Linked Gilt</td>
<td>0</td>
<td>12,751,480 (29,783)</td>
<td>1,246,550</td>
<td></td>
<td>13,970,247</td>
</tr>
<tr>
<td><strong>29,587,603</strong></td>
<td><strong>89,299,637 (39,420,721)</strong></td>
<td><strong>8,767,851</strong></td>
<td><strong>88,234,370</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The purchases and sales figures include £61,382,600 of in-specie transfers from Baillie Gifford to LGIM.

The company operating the managed funds was registered in the United Kingdom.

AVC Investments

The Trustee had invested separately from the main fund to secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement confirming the amounts held to their account and the movements in the year.

<table>
<thead>
<tr>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Cash in Bank</td>
<td>213,945</td>
</tr>
<tr>
<td>Contributions due from the employer</td>
<td>249,824</td>
</tr>
<tr>
<td><strong>463,769</strong></td>
<td><strong>590,228</strong></td>
</tr>
</tbody>
</table>

13. Current liabilities

Accrued expenses | (85,280) | (118,750)
Unpaid benefits | (36,162) | (27,903)
Other creditors | (5,761) | (5,460)
(127,183) | (152,113)

14. Related party transactions

The University of Aberdeen, which is the Employer, provides administrative support to the pension scheme and charged £8,400 for this service for the year. At July 2011, the University of Aberdeen was due to pay £251,835 (2010 £22,148) to the Scheme for the July 2011 contributions. These were paid in August 2011 in accordance with the requirements of the Schedule of Contributions.

15 Employer related investments

The Scheme did not hold any employer related investments during the year or at the year end. (2010 none)
Annual Report
For the Year ended 31 July 2011

Part 3: Independent Auditors’ Report to the Trustees of the University of Aberdeen Superannuation & Life Assurance Scheme

We have audited the financial statements of the University of Aberdeen Superannuation & Life Assurance Scheme for the year ended 31 July 2011 set out on pages 16 to 19. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the scheme trustees, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the scheme trustees those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the scheme trustees, as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees’ responsibilities set out on page 14, the scheme trustees are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board’s (APB’s) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB’s website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

• show a true and fair view of the financial transactions of the scheme during the scheme year ended 31 July 2011 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year;

• have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and

• contain the information specified in Regulation 3 of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

A Smith
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
191 West George Street
Glasgow
G2 2LJ

29 February 2012

Annual Report
To 31 July 2011
University of Aberdeen Superannuation & Life Assurance Scheme

Annual Report
For the Year ended 31 July 2011

Part 4: Summary of Contributions Payable

Statement of Trustees' Responsibilities in respect of Contributions

The scheme's Trustees are responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates of contributions payable towards the scheme by or on behalf of the employer and the active members of the scheme and the dates on or before which such contributions are to be paid. The scheme's Trustees are also responsible for keeping records of contributions received in respect of any active member of the scheme and for procuring that contributions are made to the scheme in accordance with the schedule.

Trustee Summary of Contributions Payable

During the year ended 31 July 2011, the contributions payable to the Scheme by the Employer were as follows:

<table>
<thead>
<tr>
<th>Contributions Payable under the Schedule of Contributions</th>
<th>Employee £</th>
<th>Employer £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normal contributions</td>
<td>20,282</td>
<td>2,031,755</td>
</tr>
<tr>
<td>Salary Sacrifice contributions (for employee)</td>
<td>-</td>
<td>886,023</td>
</tr>
<tr>
<td>Additional contributions:</td>
<td>-</td>
<td>167,170</td>
</tr>
<tr>
<td>Deficit Funding contributions</td>
<td>-</td>
<td>127,683</td>
</tr>
<tr>
<td>Death-in-service contributions</td>
<td>-</td>
<td>70,140</td>
</tr>
<tr>
<td>Additional contributions to fund early retirement</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total required by schedules of contributions</td>
<td>20,282</td>
<td>3,282,771</td>
</tr>
</tbody>
</table>

Other contributions payable

| AVC's (added years)                                       | 76,554     | -          |

Total, as per Fund Account                                 | 96,836     | 3,282,771  |

Signed on behalf of the Trustees:

Date: 25 February 2012.
University of Aberdeen Superannuation & Life Assurance Scheme

Annual Report
For the Year ended 31 July 2011

Part 5: Independent Auditors’ Statement about Contributions to the Trustees of the University of Aberdeen Superannuation & Life Assurance Scheme.

We have examined the summary of contributions payable under the schedules of contributions to the University of Aberdeen Superannuation & Life Assurance Scheme in respect of the scheme year ended 31 July 2011 which is set out on page 21.

This statement is made solely to the scheme's trustees, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the scheme's trustees those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the scheme's trustees, as a body for our work, for this statement, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees' responsibilities set out on page 14, the scheme's trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates and due dates of certain contributions payable towards the scheme by or on behalf of the employer and the active members of the scheme. The trustees are also responsible for keeping records in respect of contributions received in respect of active members of the scheme and for monitoring whether contributions are made to the scheme by the employer in accordance with the schedule of contributions.

It is our responsibility to provide a statement about contributions paid under the schedule of contributions to the scheme and to report our opinion to you.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have in all material respects been paid at least in accordance with the schedule of contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the scheme and the timing of those payments under the schedule of contributions.

Statement about contributions payable under the schedules of contributions

In our opinion contributions for the scheme year ended 31 July 2011 as reported in the summary of contributions and payable under the schedules of contributions have in all material respects been paid from 1 August 2010 to 30 June 2011 at least in accordance with the schedule of contributions certified by the actuary on 30 September 2008 and, subsequently, at least in accordance with the schedule of contributions certified by the actuary on 30 June 2011.

A Smith
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
191 West George Street
Glasgow
G2 2LJ

29 February 2012
Part 6: Actuarial Statements

Actuary's certification of schedule of contributions
University of Aberdeen Superannuation & Life Assurance Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 July 2010 to be met by the end of the period specified in the recovery plan dated 30 March 2011.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 30 March 2010.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

David A Gordon
Fellow of the Institute of Actuaries

Watson Wyatt Limited
2 Locharn Square
96 Fountainbridge
Edinburgh
EH3 9QA

30 June 2011
University of Aberdeen Superannuation & Life Assurance Scheme

Annual Report
For the Year ended 31 July 2011

Actuarial certification for the purposes of regulation 7(4)(a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme: University of Aberdeen Superannuation & Life Assurance Scheme

Calculation of technical provisions

I certify that, in my opinion, the calculation of the Scheme’s technical provisions as at 31 July 2010 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustees of the Scheme and set out in the Statement of Funding Principles dated 30 September 2008.

David A Gordon
Fellow of the Institute of Actuaries

30 June 2011

Watson Wyatt Limited
2 Lochrin Square
96 Fountainbridge
Edinburgh
EH3 9QA
Part 7: Compliance Statement

5.1 Constitution

The Scheme is governed by a Definitive Trust Deed and Rules dated 6th July 1965 and Supplementary Definitive Trust Deeds and Rules dated 26th April 1982 and 23rd March 1995. The Registration number in the Register of Occupational Pension Schemes is 10052894.

5.2 Taxation Status

The Scheme is exempt approved under Chapter 1, Part XIV of the Income and Corporation Taxes Act 1988. The Trustees know of no reason why this approval may be prejudiced or withdrawn.

5.3 Pension Increases

All pensions in payment were increased with effect from 1st April 2011 by the higher of 3% or RPI on the total pension benefit which is the figure guaranteed as a minimum under the rules.

5.4 Calculation of Transfer Values

No allowance is made in the calculation of transfer values for discretionary pension increases.

5.5 Changes to Scheme Constitution, Rules or Basic Information

In July 2011, a Deed of Amendment was signed to amend the Rules from 1st August 2011 (the effective date) to:

I. Put in place the change to a CARE basis for future service benefits;

II. Change the rules relating to benefits secured by Additional Voluntary Contributions (AVCs) so that from the effective date members who pay AVCs are entitled to receive benefits on a money purchase basis only;

III. Change the rules so that deferred benefits attributable to service from the effective date are re-valued in accordance with the statutory minimum;

IV. Change the basis on which pensions in payment are increased so that the relevant index for pensions in respect of benefits attributable to service from the effective date is CPI, subject to a 5% cap.